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FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC PRIORITY 2180

C O N F I D E N T I A L CARACAS 001620

SECSTATE PASS AGRICULTURE ELECTRONICALLY

E.O. 12958: DECL: 11/20/2023  
TAGS: [ECON](#) [EAGR](#) [PGOV](#) [ETRD](#) [VE](#)  
SUBJECT: LEADING VENEZUELAN FOOD PROCESSING COMPANY  
PRESSURED BY THE GOVERNMENT

Classified By: Randall Hager, Agricultural AttachQ, for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: A well-placed source within Alfonso Rivas and Co., Venezuela's second leading food processing company, has informed AgAttache that official government stores will not purchase food products from this firm. According to their Government Relations officer, the reason is that a leading Alfonso Rivas shareholder has spoken out against BRV policies. END SUMMARY.

¶2. (C) According to Ms. Eulalia Saltaren (protect), Corporate Manager for Government Relations and past Cochran Fellowship Program participant, the Bolivarian Republic of Venezuela has been applying pressure to Alfonso Rivas by not allowing its CASA and MERCAL stores to deal with their company, specifically telling CASA's buying agents not to purchase Alfonso Rivas products. Traditionally, Alfonso Rivas does not sell directly to the Government, but rather works through agents, thus reducing the inherent risk of slow account settlement that often plagues working with the BRV.

¶3. (C) This negative action is, according to Saltaren, due to the company's former president and leading shareholder's outspoken criticism of the BRV. COMMENT: Although Alfonso Rivas has received some government "inspections" to ensure that it is conforming to various fixed price and anti-hoarding decrees, they have generally taken a low-key approach to government relations, keeping them below the BRV's interventionist radar. This action, we believe, raises pressure on the firm at a critical time just before elections. According to our past contacts with this company, they purchase mostly corn and corn starch from the United States, and also represent many well-known American brands. Restricting sales to an important market participant could have a negative effect on Rivas' bottom line, but the more serious impact will be, once again, the BRV's use of non-market factors to make business decisions. END COMMENT.

CAULFIELD